



Department Update

February 10, 2004

Iowa's newest state agency is making a fundamental change in the way state government conducts its internal business. As the Department of Administrative Services (DAS) continues to take shape, unregulated monopoly-like entities that formerly provided the infrastructure and facilities services inside state government are being replaced with customer-focused enterprises, accountable for achieving financial results in a competitive business environment. DAS is making its customers the drivers, empowering them to choose the products and services that best meet their needs. Doing that enables the DAS customers to better serve their customers—the citizens of Iowa.

- 1. Why was the DAS established?** Governor Vilsack proposed the consolidation of state agencies into a new department in order to (1) Streamline government services; (2) Improve service to customers; (3) Save money; and (4) Enhance the use of state government resources.

The DAS combines the old departments of Personnel, General Services, Information Technology, and the Revenue and Finance Accounting Bureau into a single agency. They have been replaced by the Human Resources Enterprise (HRE), the General Services Enterprise (GSE), the Information Technology Enterprise (ITE), and the State Accounting Enterprise (SAE). A recap of the services and statutory responsibilities for these agencies follows the Q&A section of this document.

- 2. How does DAS change state government?** In addition to the consolidation, the DAS is implementing a new business approach known as entrepreneurial management, a customer-focused approach to delivering services in a *competitive marketplace*. This change reflects a growing trend in both public and private sectors of today's economy to *focus on the customer*. Successful and profitable enterprises are the ones that develop products or services that best meet customers' needs.

For entrepreneurial management, DAS services have been divided into three categories. Services for which it makes economic sense to have a single supplier for all users are *utilities*. Services for which customers have a choice of vendors (inside or outside state government) are *marketplace services*. Policy and regulation development areas are organized as *leadership services*.

To set service delivery rates and quality standards for utilities, *customer councils* have been established. Once the transition is complete, the Legislature's oversight role is to evaluate planning goals and financial results, leaving enterprise managers free to listen to their customers and make business decisions that best meet their customers' needs.

- 3. How does the DAS improve accountability for financial decisions?** When the DAS is fully operational, state agencies will know the real cost of the products and services they use. They can use this information to make better-informed buying decisions.

4. **Why does it make sense for the DAS to streamline?** The DAS will improve efficiency and quality of service in areas where there are multiple service providers within state government. Today there are six architectural services and contracting and construction oversight operations, four mail authorities, five fleet and fleet management operations, five printing authorities and ten purchasing authorities within state government.
5. **What is the DAS doing to improve services to customers?** Customer councils have made decisions about pricing and packages for utility services, and will provide ongoing input to their respective enterprises. Throughout the DAS, we are seeking customer input for both utility and marketplace services, using that input to shape an agenda for change to better meet customer needs.
6. **Will this change save money?** Governor Vilsack expects savings for two reasons: (1) Giving internal agencies more control over their consumption patterns and vendor selection makes them more cost conscious; and (2) Competition is motivating DAS enterprises to synergize their efforts, improve customer services, and lower costs. A state budget shortfall has already mandated spending cuts for DAS Enterprises far greater than the first-year savings typically generated by such a change. Additional savings may be realized once the transition to entrepreneurial management is complete.
7. **Why is the DAS requesting “start-up” capital?** In FY 2005, DAS will complete the transition to a new financing system in which its customers pay for the services they use. At that time, DAS will distribute to its customers the General Fund monies historically appropriated to the DAS; therefore those funds will not be immediately available to pay DAS expenses. The DAS is requesting a one-time appropriation of “start-up” or working capital to provide adequate cash flow for its business operations until customer payments are received.
8. **How will the DAS be financed once the transition is complete?** Marketplace and utility services are to be funded by payments made by the agency using the services. Leadership services will continue to be funded by a General Fund appropriation
9. **What progress has the DAS made since July 1, 2003?**
 - A new management team and organization structure have been activated.
 - A strategic plan for progress and performance measures have been developed.
 - DAS services have been inventoried and classified as utility, marketplace or leadership.
 - Ongoing communication with customer agencies has been established to provide information and ask for input.
 - Customer councils have been established for the General Services, Human Resources, and Information Technology enterprises. Each has approved rates for its respective utility services and is providing ongoing input.
 - Work continues to remodel the DAS billing system and to implement full accrual accounting.



What Does the Department of Administrative Services Do?

Established in 2003 by legislative action, the Department of Administrative Services is made up of four enterprises that provide infrastructure and facilities services to other agencies of state government. Here is a recap of the enterprise operations and related statutory responsibilities.

The **Information Technology Enterprise** supports more than 3,650 e-mail accounts for 21 state entities; directly supports 600 desktop computer system for state entities; operates the ITE mainframe processing 3.4 million online business transactions every business day; processes 8,000 state warrants per day; performs daily network intrusion detection for hundreds of devices which report up to 100,000 successfully blocked intrusions weekly; supports the website used by taxpayers for the payment of property taxes; and supports the Judicial Department's Iowa Court Information Systems electronic public access to online court applications which averages 6.5 million page views per month.

Information technology management responsibilities assigned to the DAS include:

1. Develop and maintain security policies and systems to ensure the integrity of the state's information resources and to prevent the disclosure of confidential records. [IA Code §8A.202(2)(f)]
2. Develop and implement effective and efficient strategies for the use and provision of information technology for participating agencies and other governmental entities. [IA Code §8A.202(2)(g)]
3. Coordinate the acquisition of information technology by participating agencies. [IA Code §8A.202(2)(h)]
4. Establish standards, consistent with other state law, for the implementation of electronic commerce, including standards for digital signatures, electronic currency, and other items associated with electronic commerce. [IA Code §8A.205((2)(a)]
5. Develop recommended standards for consideration with respect to the procurement of information technology by all participating agencies. Such standards apply to all information technology procurements for participating agencies unless waived by the department. [IA Code §8A.206(1)]

The **General Services Enterprise (GSE)** manages 170 acres of land valued at \$14.5 million in and around the Capital Complex; processes nearly 10.5 million pieces of mail annually; manages more than 800 contracts on behalf of other state agencies; manages a fleet program that annually uses more than 2,600 vehicles to drive more than 44.3 million miles and consume 2.2 million gallons of gas; prints 122 tons of documents; cleans 1.9 million square feet of office space daily; handles an average of 136

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customer service calls per day; and was responsible for the 18-year exterior renovation of the Capitol at a cost of \$40 million.

Physical resources management responsibilities assigned to the DAS include:

1. Administer capital funding appropriated to state agencies for property management. (Does not include board of regents, department of transportation, national guard, natural resource commission, and IPERS.) [IA Code §8A.302(4)]
2. Purchase and assign all motor vehicles for all branches of state government. (Does not include the department of transportation, state board of regents, department for the blind, and any other state agency exempted by law.) [IA Code §8A.361-.362]
3. Provide insurance for motor vehicles owned by the state. [IA Code §8A.302(6)]
4. Provide a system of uniform standards and specifications for purchasing. [IA Code §8A.302(1)]
5. Provide for maintenance of the state capitol, grounds and equipment, and all other state buildings and grounds, and equipment at the seat of government. (IA Code §8A.302(2))
6. Provide mail service for all state officials, agencies, and departments located at the seat of government. [IA Code §8A.302(3)]
7. Adopt rules establishing competitive bidding procedures. [IA Code §8A.311]
8. Coordinate the leasing of buildings and office space by state agencies throughout the state and develop cooperative relationships with the state board of regents in order to promote the collocation of state agencies. [IA Code §8A.321(6)(c)]
9. Supervise all matters relating to public printing. [IA Code §8A.341]

The **Human Resources Enterprise (HRE)** handles a full range of human resources and training functions for the Executive Branch. It processes job applications (21,350 in FY 02 and 35,320 during the first 10 months of FY 03); administers the health and dental plans for 27,000 active employees, as well as the health plans for approximately 10,000 retirees; dedicates 1,500 staff hours to negotiate a single collective bargaining agreement; assists with labor relations communication on 800 appeals and grievances each year; and processes workers' compensation claims for state employees.

Human resources management responsibilities assigned to the DAS include:

1. Employment relations, including the negotiation and administration of collective bargaining agreements on behalf of the executive branch and its departments and agencies. [IA Code §8A.402(1)(g)]

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2. Establish uniform plan for resolving employee grievances and complaints (unless covered under negotiated contract). [IA Code §8A.413(17)]
3. Develop and operate programs to improve work effectiveness and morale of employees in the executive branch. [IA Code §8A.413(19)]
4. Establish and administer a management training system for the state. [IA Code §8A.431]
5. Establish and administer the state employees deferred compensation trust fund. [IA Code §8A.435(2)]
6. Establish a dependent care spending account program. [IA Code §8A.436]
7. Establish a health flexible spending account program. [IA Code §8A.437(1)]

The **State Accounting Enterprise (SAE)** issues 27,000 warrants for state departments every work day; manages the biweekly \$35 million payroll for 19,500 employees; processes 18 million accounting transactions per year; collected \$14 million in funds owed the state by matching 58,000 payments to be made against delinquent accounts in FY 03; bought \$3 million worth of savings bonds for state employees in FY 03; and paid the federal government \$110 million in employee income tax withholdings during FY 03.

Financial management responsibilities assigned to the DAS include:

1. Administer the state's centralized accounting system. [IA Code §8A.502(1)]
2. Establish and maintain a setoff procedure for the collection of amounts owed to the state. [IA Code §8A.502(2) and §8A.504]
3. Develop and administer an indirect cost allocation system for state agencies. [IA Code §8A.505]
4. Control the payment of all moneys into the state treasury, and all payments from the state treasury by the preparation of appropriate warrants or warrant checks. [IA Code §8A.502(4)]